



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, March 12, 2018
4:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street, Monterey, California

MEETING AGENDA

- 1. Call to Order**
- 2. Introductions**
New committee members, Dan Albert, Jr., Dave Hober, and Jeffrey Riehl, and MPC's new Vice President for Administrative Services, David Martin, will be introduced.
- 3. Public Comment**
Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the Committee.
- 4. Approval of November 6, 2017 Minutes** ACTION
- 5. Accept Bills and Warrants Report** ACTION
The list of payments from bond funds expended through December 31, 2017 will be reviewed for acceptance by the committee.
- 6. Bond Expenditure Status Report** INFORMATION
The December 31, 2017 bond expenditure status report will be reviewed with the committee.
- 7. Bond Auditors' Reports for 2016-17** INFORMATION
The Independent Auditors' Report of the District's bond funds, for the fiscal year ended June 30, 2017, and the District's Bond Performance Audit Report, for the fiscal year ended June 30, 2017, will be reviewed with the committee.

- 8. Monterey County Treasurer’s Investment Report** INFORMATION
The bonds issued by the district have been invested with the Monterey County Treasurer’s office. The Treasurer’s Report of Investments for the quarter ending December 31, 2017 provides a review of asset allocation and investment performance.
- 9. Meeting Schedule** INFORMATION
Future meetings of the Committee are scheduled for:
- Monday, June 11, 2018
 - Monday, August 27, 2018
 - Monday, November 5, 2018 (Annual Organizational Meeting)
- 10. Suggestions for Future Agenda Topics and Announcements** INFORMATION
June 11 meeting – committee facilities tour and orientation to the CBOC
- 11. Adjournment**

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College’s website <http://www.mpc.edu/about-mpc/campus-information/mpc-bond-measure/citizen-s-bond-oversight-committee/meeting-agenda-minutes>, at the Superintendent/President’s office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

Posted: March 7, 2018



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, November 6, 2017
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street
Monterey, California

Meeting Minutes

MEMBERS PRESENT: Mr. Wayne Cruzan, Chair
Mr. Thomas Gaspich
Mr. Birt Johnson, Jr.
Mr. Rob Lee
Mr. Stephen Lambert

ABSENT: Mr. Hunter Harvath, Vice Chair
Mr. Rick Heuer

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Dr. Steve Crow, Vice President for Administrative Services
Dr. Walter Tribley, Superintendent/President
JoRene Finnell, Assistant to the Vice-President of Academic Affairs

OTHERS PRESENT: None

1. Call to Order

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:02 PM by Chair Cruzan. Stephen Lambert arrived at 3:05pm.

2. Public Comment

There were no public comments.

3. Approval of September 11, 2017 Minutes

Chair Cruzan asked for comments. Minor revision to the minutes of the number of members present was changed from 5 to 7 members present.

Motion made by Mr. Johnson, seconded by Mr. Lee, to approve the minutes of the September 11, 2017 meeting. Motion carried unanimously.

AYES:	5 MEMBERS:	Cruzan, Gaspich, Johnson, Jr., Lee, Lambert
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Harvath, Heuer
ABSTAIN:	0 MEMBERS:	None

4. Accept Bills and Warrants Report

Chair Cruzan advised the report would be reviewed by page and invited questions.

Regarding page 1, Mr. Cruzan asked for clarification on line 9 (from the bottom) for “tiny” desktop computers. Dr. Crow confirmed it was the actual product description.

Regarding page 2, Mr. Johnson, Jr. inquired if the repair of existing HVAC units should be operations, but Dr. Crow informed members that it was roof repairs and HVAC upgrade for heating and cooling.

Regarding page 3, Dr. Crow stated the Cisco Firepower Management Center costs have been moved to General Funds as he said it would at the September 11, 2017 CBOC meeting, but the Bills and Warrants Report is only through September 30, 2017. It will be moved by the next reporting cycle.

Regarding page 4, Mr. Gaspich asked if Wheeler’s Flooring amount in three phases was a third of the total amount for the phases. Rosemary Barrios pointed out the other amounts for the phases on the same page and under Wheeler’s Flooring.

Mr. Johnson, Jr. would like an explanation as to why these items are listed as individual requirements and not listed as projects under General Contingency. Also, he noticed that repair of ramps and doors by Otto Construction appear to be Operational expenses. Dr. Crow clarified that the Governing Board took action to move the residual of those projects into categories under General Contingency. Dr. Crow had gone to the Board prior to any of these new expenditures and budgeted them into the Contingency with the understanding that the needs had not yet been identified. The projects for Marina portables, Social Science Building and networking were eligible to use bond funding through Board approval prior to the projects.

Mr. Johnson, Jr. inquired how the General Contingency will be handled on the 2016-17 Annual Report (page 11). Rosemary informed the members that she and Dr. Crow will suggest to the Governing Board to take the expenditures in General Contingency and place them into projects such as: Marina Education Center extension.

Motion made by Mr. Johnson, seconded by Mr. Lee, to approve the Bills and Warrants Report through September 30, 2017. Motion carried unanimously.

AYES:	5 MEMBERS:	Cruzan, Gaspich, Johnson, Jr., Lee, Lambert
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Harvath, Heuer
ABSTAIN:	0 MEMBERS:	None

5. Bond Expenditure Status Report

Chair Cruzan asked for comments and for Dr. Crow to give a summary.

Network (IT) over spent but the CISCO issue will be addressed but MPC is protected against cyber-attacks with firewalls in place in real time.

Mr. Lambert asked about the \$1 Bond Budget Balance and Rosemary Barrios confirmed it was historical due to 'rounding' issues.

Mr. Johnson, Jr. inquired if there is a minimum standard for data protection for community colleges. Dr. Crow responded that he is unable to go into detail publically but the Chancellor's Office advises a firewall and data protection within the firewall. MPC does follow a high standard.

6. Annual Report for 2016-17

Chair Cruzan asked for Dr. Tribley to highlight any areas in the Annual Report and for members to make comments.

Pages 10 & 11 of the report projects in process should be characterized as completed. Page 11, Baseball Field is listed as in process but be listed as a new project.

It was moved by Mr. Johnson, Jr. and seconded by Mr. Gaspich to approve the annual report. Motion carried unanimously. Mr. Cruzan agreed to present the annual report to the Board of Trustees on Wednesday, December 20, 2017 at 1:30pm.

AYES:	5 MEMBERS:	Cruzan, Gaspich, Johnson, Jr., Lee, Lambert
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Harvath, Heuer
ABSTAIN:	0 MEMBERS:	None

7. Superintendent/President's Update

Dr. Tribley announced Dr. Steve Crow's retirement and thanked him for his leadership. Dr. Tribley focused his update on the college's accreditation recommendation progress. He stated the college is completing a follow-up report due to ACCJC on March 15, 2018. The ACCJC will perform a follow-up onsite visit between April and May 2018 and then they will meet and determine MPC's accreditation status at their June 2018 Meeting.

8. Committee Membership Update

Dr. Tribley gave an update on potential new members.

9. Officers

Dr. Tribley presented Mr. Cruzan, Johnson, Jr., and Heuer (absent) with a certificate of appreciation in gratitude for their service on the committee.

Dr. Tribley announced that Mr. Harvath will serve as chair for 2018. The floor was opened for nominations for the vice chair position. Mr. Johnson, Jr. nominated Mr. Lee, seconded by Mr. Gaspich. Mr. Lee was elected unanimously.

AYES:	5 MEMBERS:	Cruzan, Gaspich, Johnson, Jr., Lee, Lambert
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Harvath, Heuer
ABSTAIN:	0 MEMBERS:	None

10. Meeting Schedule

The meeting date for 2018 were proposed:

- March 12 (new member orientation)
- June 11 *(include a Facilities Review)
- August 27
- November 5 (annual organizational meeting)

Motion was made by Mr. Lee and seconded by Mr. Johnson, Jr to accept the meeting dates for 2018. Motion carried unanimously.

AYES:	5 MEMBERS:	Cruzan, Gaspich, Johnson, Jr., Lee, Lambert
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Harvath, Heuer
ABSTAIN:	0 MEMBERS:	None

11. Suggestions for Future Agenda Topics and Announcements

*Mr. Johnson, Jr. suggested a Facilities Review an hour before the March 12, 2018 meeting to tour the campus facilities, debriefed on the next steps and goals to achieve in 2018.

12. Adjournment

Chair Cruzan adjourned the meeting at 4:00 PM.

/jf

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2017		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2017</i>
<u>Arts Complex</u>		\$3,555,565.20
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2017
		<u>\$3,555,565.20</u>
		<i>Total Expense at September 30, 2017</i>
<u>Music Building</u>		\$23,770.35
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2017
		<u>\$23,770.35</u>
		<i>Total Expense at September 30, 2017</i>
<u>Furniture/Equipment</u>		\$5,416,093.47
Steelcase	Purchase two chairs for the Dean of Student Services office at Marina Education Center.	\$371.49
CDW Government Inc.	Purchase of 3 Spectrum Freedom Elift W-EQ podiums for the Marina Education Center.	\$11,401.59
CDW Government Inc.	Purchase of 3 Tripp Lite for the Marina Education Center.	\$235.92
Peninsula Business Interiors		\$1,593.45
	Purchase one bookcase and one table for the Dean of Student Services office at the Marina Education Center.	
Peninsula Business Interiors	Purchase c legs for mockup workstation.	\$112.28
KI Inc	Purchase of 2 filing cabinets for the Marina Education Center room MA 101,	\$724.02
Steelcae	Purchase of 1 new workstation for the Marina Education Center room MA 101.	\$1,569.75
		To Date Expense through December 31, 2017
		<u>\$5,432,101.97</u>
		<i>Total Expense at September 30, 2017</i>
<u>General Institutional Bond Mgmt.</u>		\$5,692,510.21
Kitchell CEM	Construction management services for the month end October 31, 2017.	\$20,000.00
Kitchell CEM	Construction management services for the period July 31, 2017 through September 30, 2017.	\$30,000.00
		To Date Expense through December 31, 2017
		<u>\$5,742,510.21</u>
		<i>Total Expense at September 30, 2017</i>
<u>PSTC Parker Flats</u>		\$70,498.52
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2017
		<u>\$70,498.52</u>

Monterey Peninsula College Bills & Warrants Report Through December 31, 2017		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2017</i>
<u>Infrastructure Phase IV</u>		<u>\$141,894.88</u>
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2017
		<u>\$141,894.88</u>
		<i>Total Expense at September 30, 2017</i>
<u>Data Center Network Security</u>		<u>\$524,051.42</u>
CDW Government Inc.	Network and data security upgrades.	\$23,500.00
Epico Systems Inc.	Professional services consisted of: Provide labor and material for wiring and electric changes being made in portable trailer #5 at the Marina Education Center.	\$4,132.00
Epico Systems Inc.	Professional services consisted of: Provide labor to remove existing equipment from podiums and install newly built carts. Carts to be provided by MPC and Epico will put together.	\$2,720.00
Epico Systems Inc.	Professional services consisted of: Change order for printer wiring in portable trailer #5 located at the Marina Education Center.	\$872.00
		To Date Expense through December 31, 2017
		<u>\$555,275.42</u>
		<i>Total Expense at September 30, 2017</i>
<u>Baseball Field</u>		<u>\$17,242.58</u>
Kasavan Architects	Professional services consisted of: Concept design for baseball field	\$1,337.00
		To Date Expense through December 31, 2017
		<u>\$18,579.58</u>
		<i>Total Expense at September 30, 2017</i>
<u>General Contingency</u>		<u>\$199,792.29</u>
HGHB	Professional services consisted of: Fire Marshall plan check fee, reimbursables, and close out of Marina Education Center portable trailer relocation project.	\$713.47
Wasson's Cleaning and Restoration	Construction cleaning services of three portable trailer classrooms (2,3, and 4) and detailed cleaning of restrooms at the Marina Education Center.	\$655.00
Edges Electrical Group	Purchase of: 5 emergency backup LED Driver, 35 LED 2 tube dimming driver, 50 Linmore TLED-Lamp for the social science building.	\$2,781.00
Edges Electrical Group	Purchase of: 5 emergency drivers for light fixtures in the social science building.	\$828.95
Quesada Construction	Professional services consisted of: Contractor to relocate a 24 x 40 classroom to the Marina Education Center and set on new foundation. Demo entry concrete and haul off concrete and wood spoils. Reinstall existing ramp.	\$19,200.00
Wheeler's Flooring	Professional services consisted of: Contractor to supply and install Mohawk's faculty remix broadloom carpet with rubber base in portable trailer #5.	\$5,275.00

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2017		
Vendor Name	Description of service or purchase	Amount Paid
General Contingency (continued)		
Peninsula Business Interiors	Reconfigure and move existing non-steelcase products in Rooms 101 and 102 at the Marina Education Center.	\$8,754.38
American Reprographics Co.	Printing services for the Division of State Architects (DSA) approval drawings for the temporary education center relocation project.	\$121.94
Don Chapin Company	Retention payment on portable relocation project.	\$94.48
Don Chapin Company	Professional services consisted of: Contractor to install ADA conform ramp for portable trailer #5 at the Marina Education Center.	\$1,795.05
Wheeler's Flooring	Contractor supplied plywood for the subfloor repair for portable trailer #5 at the Marina Education Center.	\$250.00
Applied Finishes	Contractor to paint portable trailer #5 and the ramp skirting of the trailer located at the Marina Education Center.	\$7,156.00
Boyd's Asphalt Services	Contractor to clean asphalt, seal coat, and stripe curbs in front of the portable trailers at the Marina Education Center.	\$6,075.00
HGHB	Professional services consisting of: Additional design work to modify previously approved fire alarm design drawings and processing the change through DSA.	\$2,850.00
Edges Electrical Group	Purchase of: 50 Linmore TLED -lamp.	\$1,120.13
Sentry Alarm System	Contractor to furnish and install fire alarm in the portable trailer #5 at the Marina Education Center.	\$7,599.12
American Lock and Key	Contractor to furnish and install locks 2 each for 3 existing podiums for three of the portable trailers at the Marina Education Center.	\$503.38
HGHB	Reimburse HGHB for payment to the City of Marina for the Fire Marshall plan check fee of the portable trailer at the Marina Education Center.	\$99.00
Monterey Structural Steel	Contractor to furnish and install metal handrail returns for the portable trailer ramp railing at the Marina Education Center.	\$500.00
Cardinale Moving Storage	Services provided: Move desks and partitions to the portable trailer at the Marina Education Center.	\$677.50
Collins Electrical Co.	Contractor to disconnect portable trailer #5 and reconnect it at the Marina Education Center.	\$14,000.00
California Clearing & Restoration	Contractor provided post construction cleaning service to portable trailer #5 at the Marina Education Center.	\$500.00
SJ Ferrante Builders	Contractor to furnish and install glass tracks for the display cabinet in the social science building.	\$431.63
California Acoustics	Professional services consisted of: contractor to remove existing ceiling tile in the main hallways on both floors of the social science building; install new 12 x 12 tiles and repair loose tiles in classroom 205.	\$11,556.00
Collins Electrical Co.	Professional services consisted of: LED retrofit tubes and drivers installed in the fixtures; and add front row switching in classrooms, in the social science building.	\$17,000.00
To Date Expense through December 31, 2017		<u>\$310,329.32</u>

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2017		
Vendor Name	Description of service or purchase	Amount Paid
Closed Projects		
Old Library		\$21,279.52
Early Start - Walkway/Safety Improvements		\$225,630.18
Early Start - Telephone System Upgrades		\$599,414.48
Early Start - As Built Drawings		\$209,792.00
Early Start - Roof Repairs		\$480,255.64
Early Start - HVAC Repairs	Social Science/Computer Science buildings.	\$618,538.68
Early Start - Landscaping	Library technology area.	\$438,292.96
Early Start - Vehicles		\$187,070.27
Early Start - Master Signage Plan		\$53,890.42
Early Start - Auto Technology Bldg	HVAC replacement.	\$16,443.00
Drafting Bldg	Furnace replacement.	\$13,974.00
Early Start - New Plant Services Bldg	Costs over state funding for new building.	\$487,574.35
Early Start - Demolition of Old Plant Services Bldg		\$63,521.68
Environmental Impact Report - Campus		\$154,162.67
Business & Computer Science Bldg	Seismic design.	\$7,981.84
Humanities Bldg	Seismic design.	\$16,375.04
International Center Bldg	Blue Prints.	\$14.71
Physical Science Bldg	Architectural Services, for potential elevator replacement.	\$6,986.44
Life Science Bldg	Architectural Services, for potential elevator replacement.	\$7,793.83
Pool/Tennis Courts	Preliminary architectural services.	\$206.00
Physical Education Facility		\$1,488,294.29
PE Field/Track		\$14,848,446.67
Fitness Phase IB		\$899,827.93
College Center Renovation		\$23,608.41
Social Science Renovation		\$863,696.74
Music/Theater Building		\$22,732.50
Family and Consumer Sci		\$67,671.12
Gymnasium Building	Floor/Seismic/Bleachers.	\$877,847.00
Lecture Forum Renovation		\$2,117,203.20
Child Development Center		\$1,029,198.71

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2017		
Vendor Name	Description of service or purchase	Amount Paid
<u>Closed Projects (continued)</u>		
Infrastructure/Parking		\$20,886,001.04
Infrastructure 2		\$2,481,606.93
New Administration/Old Library Building		\$4,712,191.10
Public Safety Training Center Renovation		\$7,478,201.30
Auto Technology Building Renovation		\$958,602.22
Business & Computer Science (includes Math)		\$2,215,417.93
New Student Services Building		\$9,681,388.03
New Education Center at Marina		\$8,159,654.52
PE Phase II (Gym/Locker Room Renovation)		\$3,810,035.95
Pool Renovation (includes Pool Building)		\$2,047,493.00
Student Center Renovation		\$6,157,617.00
Humanities, Bus-Hum, Student Services		\$3,543,043.00
Infrastructure- Phase III		\$6,458,266.00
Life Science /Physical Science		\$10,832,201.00
Swing Space / Interim Housing		\$5,777,350.00
Theater		\$10,382,736.00
	To Date Expense through December 31, 2017	<u>\$131,429,529.30</u>
	Total Payments (closed projects, under construction, and planned projects)	<u>\$147,280,054.75</u>

BOND EXPENDITURE REPORT 12/31/17

Total Budget With Other Funds	Projects	A Total Bond Budget	B Total Bond Prior Year Expenses	C 2017-2018	A-B-C	(B+C)/A	
				Year to Date Bond Payments	Bond Budget Balance	% Bond Cost	% Construction Schedule
	In Process						
\$3,795,585	Arts Complex	\$3,795,585	\$3,555,565	\$0	\$240,020	94%	70%
\$5,685,000	Furniture & Equipment	\$5,837,175	\$5,370,332	\$61,770	\$405,073	93%	99%
\$358,463	General Contingency	\$358,463	\$0	\$281,773	\$76,690	0%	0%
\$574,857	Infrastructure - Phase IV	\$574,857	\$98,031	\$72,420	\$404,406	30%	20%
\$400,000	Data Center Network Security	\$400,000	\$447,808	\$107,467	(\$155,275)	139%	100%
\$10,413,905	Total in Process	\$10,966,080	\$9,471,736	\$523,430	\$970,914		
	Future						
\$750,000	Baseball Field	\$750,000	\$17,243	\$1,337	\$731,420	2%	0%
\$1,200,000	Music	\$1,200,000	\$23,770	\$0	\$1,176,230	2%	0%
\$12,000,000	PSTC Parker Flats	\$6,000,000	\$70,500	\$0	\$5,929,500	1%	0%
\$13,950,000	Total Future	\$7,950,000	\$111,513	\$1,337	\$7,837,150		
	Completed						
\$1,057,576	Early Start/Completed-HVAC Repairs	\$618,539	\$618,539	\$0	\$0	100%	100%
\$2,965,574	Early Start/Completed-New Plant Serv Bldg	\$487,574	\$487,574	\$0	\$0	100%	100%
\$599,414	Early Start/Completed-Telephone System	\$599,414	\$599,414	\$0	(\$0)	100%	100%
\$67,671	Family Consumer Science	\$67,671	\$67,671	\$0	\$0	100%	100%
\$1,517,774	Gym - floor/seismic/bleachers	\$877,847	\$877,847	\$0	\$0	100%	100%
\$2,481,607	Infrastructure - Phase II	\$2,481,607	\$2,481,607	\$0	\$0	100%	100%
\$20,886,001	Infrastructure - Phase I	\$20,886,001	\$20,886,001	\$0	\$0	100%	100%
\$2,117,203	Lecture Forum Renovation	\$2,117,203	\$2,117,203	\$0	\$0	100%	100%
\$7,427,191	New Admin / Old Library Renovation	\$4,712,191	\$4,712,191	\$0	(\$0)	100%	100%
\$5,413,198	New Child Development Center Bldg	\$1,029,198	\$1,029,198	\$0	\$0	100%	100%
\$21,420,211	Other Early start / completed	\$1,950,012	\$1,950,012	\$0	\$0	100%	100%
\$17,336,569	PE Field Track, Fitness Building	\$17,236,569	\$17,236,569	\$0	\$0	100%	100%
\$863,697	Social Science Renovation (inc. Seismic)	\$863,697	\$863,697	\$0	\$0	100%	100%
\$7,478,201	Public Safety Training Center Renov.	\$7,478,201	\$7,478,201	\$0	\$0	100%	100%
\$1,000,000	Auto Technology Building	\$958,602	\$958,602	\$0	(\$0)	100%	100%
\$2,300,000	Business Computer Science	\$2,215,418	\$2,215,418	\$0	\$0	100%	100%
\$8,300,000	New Ed Center Building at Marina	\$8,300,000	\$8,159,654	\$0	\$0	98%	100%
\$9,700,000	New Student Services Building	\$9,700,000	\$9,681,388	\$0	\$0	100%	100%
\$3,830,000	PE Phase II - Gym/Locker Room Renov.	\$3,830,000	\$3,810,036	\$0	\$0	99%	100%
\$2,640,519	Pool Renovation	\$2,640,519	\$2,047,493	\$0	\$0	78%	100%
\$6,157,617	College Center Renovation	\$6,157,617	\$6,157,617	\$0	\$0	100%	100%
\$6,614,000	Humanities, Bus-Hum, Student Services	\$3,543,043	\$3,543,043	\$0	\$0	100%	100%
\$6,458,266	Infrastructure - Phase III	\$6,458,266	\$6,458,266	\$0	\$0	100%	100%
\$10,832,201	Life Science/Physical Science	\$10,832,201	\$10,832,201	\$0	\$0	100%	100%
\$5,800,000	Swing Space / Interim Housing	\$5,777,350	\$5,777,350	\$0	\$0	100%	99%
\$10,382,736	Theater	\$10,382,736	\$10,382,736	\$0	\$0	100%	100%
\$165,647,226	Total Completed	\$132,201,476	\$131,429,529	\$0	(\$1)		
\$190,011,131	Total All Projects	\$151,117,556	\$141,012,778	\$524,767	\$8,808,063		
	General Institutional-Bond Management		\$5,692,510	\$50,000			
			\$146,705,288	\$574,767			
	Total Bond Funds Spent to Date		\$147,280,055				



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

We have audited the financial statements of the Measure I General Obligation Bond Funds (Measure I) of Monterey Peninsula Community College District (the District) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2016-2017 fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the Measure I General Obligation Bond Funds' financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 22, 2017.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Vaivines Tume Day & Co. LLP

Rancho Cucamonga, California
December 22, 2017

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

FINANCIAL AND PERFORMANCE AUDITS

JUNE 30, 2017

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002
FINANCIAL AUDIT**

JUNE 30, 2017

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**FINANCIAL AUDIT
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JUNE 30, 2017**

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FINANCIAL SECTION



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Monterey Peninsula Community College District's (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure I General Obligation Bond Funds (Measure I) of the District at June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's General Obligation Bond Funds (Measure I) internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 22, 2017

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**BALANCE SHEET
JUNE 30, 2017**

ASSETS

Investments	\$ 9,625,868
Accounts receivable	<u>30,358</u>
Total Assets	<u><u>\$ 9,656,226</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 113,645</u>
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FUND BALANCE

Restricted for capital projects	<u>9,542,581</u>
Total Liabilities and Fund Balance	<u><u>\$ 9,656,226</u></u>

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

REVENUES

Interest revenues	\$ 96,741
Other local revenues	30,358
Total Revenues	<u>127,099</u>

EXPENDITURES

Services and operating expenditures	447,808
Capital outlay	62,653
Total Expenditures	<u>510,461</u>

EXCESS OF EXPENDITURES OVER REVENUES	(383,362)
FUND BALANCE, BEGINNING OF YEAR	<u>9,925,943</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,542,581</u>

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies of the Measure I General Obligation Bond Funds (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The District's Measure I General Obligation Bond Funds (Measure I) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

Financial Reporting Entity

The audited financial statements include only the Measure I General Obligation Bond Funds (Measure I) of Monterey Peninsula Community College District. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bonds Election of November 2008. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure I General Obligation Bond Funds (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure I General Obligation Bond Funds (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance

As of June 30, 2017, the fund balance of Measure I General Obligation Bonds was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Monterey County Investment Pool. The District maintains a Measure I General Obligation Bond Funds (Measure I) investment of \$9,625,868 with the Monterey County Investment Pool, with an average maturity of 398 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Monterey County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2017.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Monterey County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Monterey County Investment Pool	<u>\$ 9,611,536</u>	<u>\$ 9,611,536</u>

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - ACCOUNTS RECEIVABLE

The accounts receivable at June 30, 2017, consists of the following:

Interest	<u>\$ 30,358</u>
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All amounts have been determined by management to be fully collectible.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable at June 30, 2017, consists of the following:

Vendor payables	<u><u>\$ 113,645</u></u>
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NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted	
Capital projects	<u><u>\$ 9,542,581</u></u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure I General Obligation Bond Funds (Measure I) at June 30, 2017.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Monterey Peninsula Community College District (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2017.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure I General Obligation Bond Funds (Measure I) financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

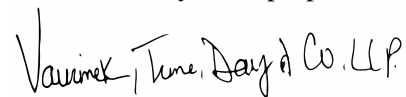
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure I General Obligation Bond Funds (Measure I) of the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure I General Obligation Bond Funds (Measure I) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
December 22, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2017**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's Financial Statement Findings.

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002
PERFORMANCE AUDIT**

JUNE 30, 2017

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**PERFORMANCE AUDIT
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JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We were engaged to conduct a performance audit of Monterey Peninsula Community College District's (the District) General Obligation Bond Funds (Measure I) for the year ended June 30, 2017.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District's General Obligation Bond Funds (Measure I) funds are in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 22, 2017

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2017**

AUTHORITY FOR ISSUANCE

The Measure I General Obligation Bond Funds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code* and other applicable provisions of law.

The Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District.

The District received authorization from an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$145,000,000 to finance the construction and modernization of certain District property and facilities, the acquisition of equipment, and to pay the costs of issuance associated with the Bonds. The proposition required approval by at least 55 percent of votes cast by eligible voters within the District (the Authorization).

In December 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of \$33,304,385. The Bonds were used to advance refund a portion of the outstanding Bonds from the first series of the authorized Bonds, Series A. The second and third series of authorized Bonds issued was in January 2008; the District issued Series B in the amount of \$9,004,530 and Series C in the amount of \$95,994,770, respectively.

In April 2013, the District issued the \$33,820,000 2013 General Obligation Refunding Bonds, Series A and B. The bonds have a final maturity to occur on August 1, 2021, with interest rates from .335 to 4.00 percent. The net proceeds of \$36,975,456 (representing the principal amount of \$33,820,000 plus premium on issuance of \$3,155,456) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. In addition, the net proceeds were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of the issuance associated with the refunding bonds.

In May 2016, the District issued the \$105,348,522 2016 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2033, with interest rates from 1.65 to 4.00 percent. The net proceeds of \$106,531,137 (representing the principal amount of \$105,348,522 plus premium on issuance of \$1,182,615) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction, and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2017**

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a citizens' oversight committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure I General Obligation Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions charged to the Measure I General Obligation Bond Funds were in support of Measure I and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2016 to June 30, 2017. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2017**

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the Measure I General Obligation Bond Funds (Measure I). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure I as to the approved Bond projects list. We performed the following procedures:

1. Determine District procedures for disbursement of funds related to the voter approved Measure I General Obligation Bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof; including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our objective.
2. Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Expenditures from all projects will be included in the sample.

CONCLUSION

We reviewed construction expenditures totaling 55 percent of all expenditures from the detailed accounting of expenditures. Our sample included transactions totaling \$280,904 of the total expenditures of \$510,461. The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Measure I General Obligation Bond Funds (Measure I) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure I General Obligation Bond Funds (Measure I) for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Monterey County Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Salinas, seconded by Supervisor Phillips and carried by those members present, the Board of Supervisors hereby:

Received and accepted the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

PASSED AND ADOPTED on this 30th day of January 2018, by the following vote, to wit:

AYES: Supervisors Alejo, Salinas, Phillips, Parker and Adams

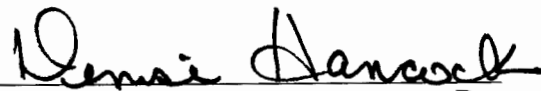
NOES: None

ABSENT: None

I, Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting January 30, 2018.

Dated: February 2, 2018
File ID: 18-039

Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors
County of Monterey, State of California

By 
Deputy



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 18-039

January 30, 2018

Introduced: 1/12/2018

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the October - December period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:

During the October - December quarter, the short-term treasury yields continued to slowly move upward in response to the Federal Reserve's (Fed's) efforts to normalize policy by raising interest rates. The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, remained at 1.4% year-over-year in November. The Fed forecasts inflation to gradually rise in 2018 further towards their 2% run target, and reaching the 2% target in the beginning of 2019. In addition, U.S. Recession Indicators show that recession risks appear low in the near term. Labor markets continued strong into the year-end as the unemployment rate remained at 4.1%, the lowest level in more than 16 years.

On December 31, 2017, the Monterey County investment portfolio contained an amortized book value of \$1,556,463,937.33 spread among 117 separate securities and funds. The par value of those funds was \$1,558,052,557.25 with a market value of \$1,551,822,253.16 or 99.7% of amortized book value. The portfolio's net earned income yield for the period was 1.27%. The portfolio produced an estimated quarterly income of \$ 4,456,424.41 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 261 days. The County Treasury outperformed most of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity while also taking advantage of higher rates in the one to three-year investment range.

The investment portfolio is in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six

months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that investment earnings in the General Fund will meet or exceed budgeted revenue

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Administration initiative by providing transparency and accountability in the management of County funds in the Treasurer's investment portfolio.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5474

All attachments are on file with the Clerk of the Board:

- Exhibit A - Investment Portfolio Review 12.31.17
- Exhibit B - Portfolio Management Report 12.31.17
- Exhibit C - Monterey County Historical Yields vs. Benchmarks 12.31.17
- Exhibit D - Aging Report 01.01.18

cc:

- Auditor-Controller - Internal Audit Section
- All depositors
- Treasury Oversight Committee

Exhibit A

Investment Portfolio Review

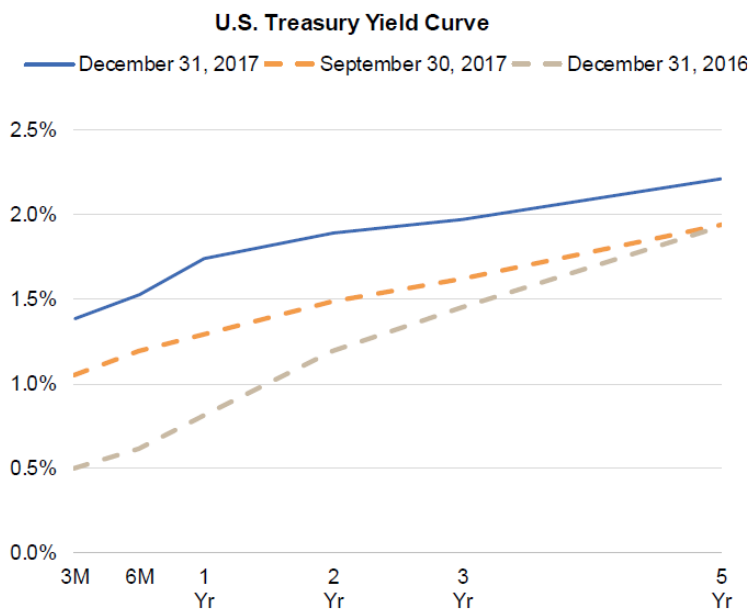
Quarter Ending December 31, 2017

OVERVIEW October 1, 2017 – December 31, 2017

During the October - December quarter, the short-term treasury yields continued to slowly move upward in response to the Federal Reserve’s (Fed’s) efforts to normalize policy by raising interest rates. The core personal consumption expenditures (PCE) price index, the Fed’s preferred measure of inflation, remained at 1.4% year-over-year in November. The Fed forecasts inflation to gradually rise in 2018 further towards their 2% run target, and reaching the 2% target in the beginning of 2019. In addition, U.S. Recession Indicators show that recession risks appear low in the near term. Labor markets continued strong into the year-end as the unemployment rate remained at 4.1%, the lowest level in more than 16 years.

U.S. TREASURY YIELD CURVE

- Yield movement during the quarter resulted in a continued flattening of the yield curve.
- Longer-term yields (five years and greater) moved only slightly higher, or decreased as expectations of future growth and inflation prospects remained muted.

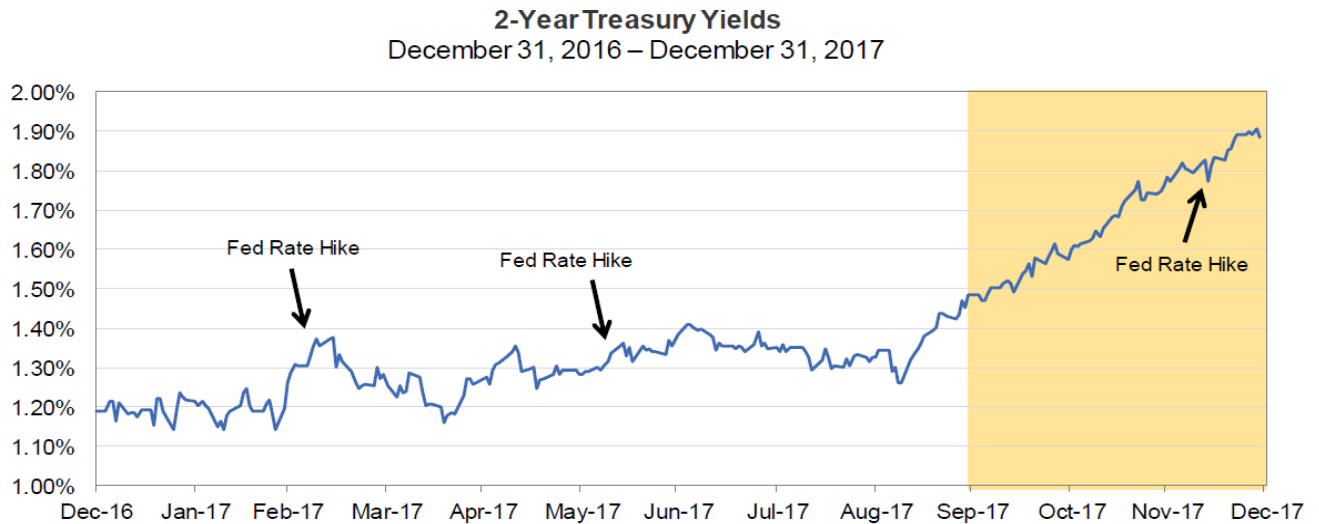


Source: Bloomberg, as of 12/31/17.

Yield Curve History

Maturity	9/30/2017	12/31/2017	Change
3-Mo.	1.05	1.38	+0.33
6-Mo.	1.19	1.53	+0.34
1-Yr.	1.29	1.74	+0.45
2-Yr.	1.49	1.89	+0.40
3-Yr.	1.62	1.97	+0.35
5-Yr.	1.94	2.21	+0.27
7-Yr.	2.17	2.33	+0.16
10-Yr.	2.33	2.41	+0.08
30-Yr.	2.86	2.74	-0.12

- Short-term yields (three years and under) moved notably higher during the fourth quarter as markets responded to another rate hike by the Federal Reserve and the passage of the largest overhaul of the U.S. tax system in more than 30 years.



The County Treasury continues to outperform most of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on U.S. Treasuries, commercial paper, notes and negotiable CDs as well as maintaining Federal Agencies with attractive rates. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. **Market Access** – During the quarter, investment purchases for the portfolio included commercial paper and a certificate of deposit as well as a corporate bond. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.
2. **Diversification** - The Monterey County Treasurer’s portfolio consists of 117 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
12.5%	5.0%	24.2%	26.7%	24.2%	7.4%

• Total may not equal 100% due to rounding

3. **Credit Risk** – Approximately 87.5% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (12.5%) is rated in the higher

levels of investment grade and all Federal Agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the Treasurer’s portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition												
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short Term)	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated (LAIF/ MMF)
1%	14%	52%	1%	4%	4%	2%	1%	4%	6%	6%	1%	4%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was managed during the October - December quarter. The portfolio’s average weighted maturity was 261 days, and the Treasurer maintained \$375M in overnight investments to provide immediate liquidity. In addition, the Treasurer maintained \$667M in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	<u>September 30, 2017</u>	<u>December 31, 2017</u>
Total Assets	\$1,291,516,016.16	\$1,558,052,557.25
Market Value	\$1,289,937,988.14	\$1,551,822,253.16
Days to Maturity	339	261
Yield	1.25%	1.27%
Estimated Earnings	\$4,012,209.73	\$4,456,424.41

FUTURE STRATEGY

The Treasurer has 32.4% of the portfolio invested in the 1-3-year maturity range and 67.1% invested in maturities under one year to take advantage of the higher yields offered in those parts of the yield curve and to be able to react quickly to opportunities in current market. We will continue to manage the portfolio under the established tenets of safety and liquidity while maximizing the rate of return.

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS12159	12159	DREYFUS AMT FREE TAX EXEMPT MM		08/18/2017	7,012,971.74	7,012,971.74	7,012,971.74	0.988			0.988	
SYS11830	11830	Federated		07/01/2017	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			68,500,000.00	68,500,000.00	68,500,000.00	1.120	Aaa	AAA	1.120	
Subtotal and Average			31,261,072.38		75,512,971.74	75,512,971.74	75,512,971.74				1.108	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	1.075			1.075	
Subtotal and Average			47,859,782.61		65,000,000.00	65,000,000.00	65,000,000.00				1.075	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			97,300,000.00	97,300,000.00	97,300,000.00	1.198	Aaa	AAA	1.198	
SYS11802	11802	CalTrust			1,000,000.00	1,000,000.00	1,000,000.00	1.073	Aaa	AAA	1.073	
SYS10379	10379	Calif. Asset Mgmt			136,150,000.00	136,150,000.00	136,150,000.00	1.290		AAA	1.290	
SYS11961	11961	Calif. Asset Mgmt		07/01/2017	0.00	0.00	0.00	0.658		AAA	0.658	
Subtotal and Average			164,098,913.04		234,450,000.00	234,450,000.00	234,450,000.00				1.251	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			1.00	1.00	1.00	0.731			0.731	
Subtotal and Average			1.00		1.00	1.00	1.00				0.731	
SWEEP ACCOUNT - CUSTOM												
SYS12138	12138	Morgan Stanley		07/01/2017	83,584.51	83,584.51	83,584.51	1.106			1.106	
Subtotal and Average			147,832.75		83,584.51	83,584.51	83,584.51				1.106	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,020,900.00	10,092,829.08	2.250	A2	A-	1.660	08/15/2019
025816BM0	12156	American Express Credit		08/21/2017	250,000.00	249,793.75	249,793.75	2.500	A3	BBB+	2.519	08/01/2022
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	5,985,900.00	5,999,611.47	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,023,000.00	10,075,566.76	2.100	Aa1	AA+	1.528	05/06/2019
037833CQ1	12151	Apple Inc Corp Notes		08/17/2017	250,000.00	251,264.57	251,264.57	2.300			2.177	05/11/2022
05531FAV5	12153	BB&T Corporation		08/21/2017	250,000.00	249,586.92	249,586.92	2.050	A2	A-	2.101	05/10/2021
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	9,985,700.00	10,008,263.86	2.150	A1	A	2.110	02/24/2020
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,409,034.95	2,414,909.84	1.150	Aa2	AA	1.156	08/15/2018

Portfolio INVT
AP
PM (PRF_PM2) 7.3.0

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,175,000.00	8,182,642.26	1.718	Aa1	AA	1.519	06/24/2018
17275RBD3	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,906,130.00	8,994,274.25	1.400	A1		1.438	09/20/2019
17275RBD3	12150	Cisco Systems Inc Corp		08/17/2017	250,000.00	251,927.80	251,927.80	2.200	A1	AA-	1.946	02/28/2021
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,828,864.00	3,839,044.20	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca-Cola Co		04/07/2017	4,431,000.00	4,393,868.22	4,420,671.36	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,701,951.30	2,708,766.00	1.650	A2	A	1.696	01/08/2019
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,410,740.85	1,413,273.54	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,188,297.90	7,207,972.91	2.000	A3	BBB+	2.022	04/25/2019
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,464.20	3,779,712.03	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,465,425.00	2,498,724.54	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	19,948,000.00	19,996,517.81	1.800			1.812	05/17/2019
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	9,954,100.00	10,013,745.35	1.850	A1	A+	1.790	05/11/2020
458140AZ3	12155	INTEL CORP		08/21/2017	250,000.00	248,852.50	250,290.56	1.850	A1	A+	1.799	05/11/2020
24422ETE9	12063	John Deere Capital Corp		01/08/2016	8,300,000.00	8,292,945.00	8,299,830.77	1.950	A2	A	1.952	01/08/2019
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,963,400.00	10,007,161.91	1.850	A3	A	1.789	03/22/2019
46625HHU7	12157	JP Morgan Chase		08/21/2017	250,000.00	264,225.55	264,225.55	4.250	A3	A-	2.129	10/15/2020
58933YAS4	12164	MERCK & CO INC		08/22/2017	250,000.00	250,946.61	250,946.61	1.850	A1	AA	1.666	02/10/2020
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,413,095.00	6,496,423.13	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,919,780.00	5,955,953.15	1.100	Aaa	AAA	1.568	08/08/2019
594918BG8	12149	MICROSOFT CORP		08/17/2017	250,000.00	251,854.36	251,854.36	2.000	Aaa	AAA	1.730	11/03/2020
68389XBB0	12148	Oracle Corp		08/17/2017	250,000.00	252,711.65	252,711.65	2.500	A1	AA-	2.471	05/15/2022
742718EN5	12154	Procter & Gamble Co		08/21/2017	250,000.00	249,590.43	249,590.43	1.850	Aa3	AA-	1.905	02/02/2021
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,832,405.50	3,849,574.32	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,921,100.00	9,994,595.56	1.450	A1	AA	1.489	06/03/2019
857477AS2	12158	State Street Corp		08/21/2017	250,000.00	254,304.15	254,304.15	2.550	A1	A	1.874	08/18/2020
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	9,999,000.00	10,000,507.06	1.450	Aa	AA	1.280	01/12/2018
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,000,150.00	5,016,599.34	2.125	Aa3	AA-	1.904	07/18/2019
89236TCQ6	12165	Toyota Motor Corporation		08/22/2017	250,000.00	256,074.82	256,074.82	2.800	Aa3	AA-	2.231	07/13/2022
911312BP0	12170	UNITED PARCEL SERVICE		11/14/2017	200,000.00	199,696.20	199,696.20	2.050	A1		2.099	04/01/2021
91159HHA1	12152	US BANCORP		08/17/2017	250,000.00	266,573.56	266,573.56	4.125	A1	A+	2.215	08/24/2021
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,998,900.00	10,001,372.37	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	9,998,400.00	10,081,902.96	2.125	A2	A	1.483	04/22/2019
Subtotal and Average			202,416,276.67		194,576,000.00	193,997,954.79	194,849,286.76				1.642	

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Negotiable CDs - GC 53601(i)												
06539RGM3	12166	Bank of Tokyo-MITS		09/27/2017	250,000.00	250,000.00	250,000.00	2.070	P-1	A-1	2.099	09/25/2019
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	9,963,800.00	10,000,000.00	1.910			1.910	04/05/2019
65558LWA6	12109	Nordea Bank Finland NY		12/05/2016	17,500,000.00	17,510,850.00	17,500,000.00	1.760	Aa3	AA-	1.760	11/30/2018
83050FXT3	12141	Skandinaviska Enskilada Banken		08/04/2017	14,000,000.00	13,938,540.00	13,995,665.00	1.840	P-1	A-1	1.860	08/02/2019
87019U6D6	12172	Swedbank		11/17/2017	18,000,000.00	17,902,800.00	18,000,000.00	2.270			2.270	11/16/2020
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	17,999,820.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
Subtotal and Average			84,897,497.66		77,750,000.00	77,565,810.00	77,745,665.00				1.913	
Commercial Paper Disc.- GC 53601(h)												
06538CB83	12137	Bank of Tokyo-MITS		05/16/2017	12,000,000.00	11,980,200.00	11,980,746.67	1.520	P-1	A-1	1.561	02/08/2018
09659CGA0	12167	BNP Paribas NY		11/01/2017	25,000,000.00	24,757,250.00	24,788,888.89	1.600	P-1	A-1	1.632	07/10/2018
4497W1H90	12171	ING		11/17/2017	24,000,000.00	23,721,120.00	23,752,133.33	1.690	P-1	A-1	1.726	08/09/2018
46640QGH8	12168	J P Morgan Securities Inc		11/01/2017	30,000,000.00	29,697,900.00	29,732,408.33		P-1	A-1	1.664	07/17/2018
89233HG57	12169	Toyota Motor Corporation		11/01/2017	25,000,000.00	24,763,500.00	24,795,729.17		P-1	A-1+	1.621	07/05/2018
Subtotal and Average			95,399,862.07		116,000,000.00	114,919,970.00	115,049,906.39				1.650	
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,901,800.00	10,003,818.42	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,990,700.00	10,002,646.97	1.000	Aaa	AA	0.890	03/29/2018
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	9,997,500.00	10,003,740.72	1.125	Aaa	AA	0.932	03/12/2018
31337BA43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,000,700.00	10,011,420.26	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,972,900.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	31,881,600.00	31,981,745.53	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,753,118.10	16,931,566.73	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,720,760.00	26,123,876.86	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,888,760.00	17,975,645.39	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,193,575.00	15,250,888.43	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,383,625.00	17,495,559.07	0.875	Aaa	AA+	0.909	10/01/2018
3130AAAX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,942,200.00	9,990,059.92	1.375	Aaa	AA+	1.458	03/18/2019
313383HU8	12144	Federal Home Loan Bank		08/16/2017	1,200,000.00	1,206,066.41	1,206,066.41	1.750	Aaa	AA+	1.538	06/12/2020
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,339,875.00	17,537,509.94	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,079,762.00	10,148,356.00	0.875	Aaa	AA+	0.896	10/12/2018
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,687,200.00	19,792,280.00	0.875	Aaa	AA+	1.561	07/19/2019
3137EAEE5	12139	Federal Home Loan Mtg Corp		08/07/2017	1,200,000.00	1,200,210.76	1,200,210.76	1.500	Aaa	AA+	1.491	01/17/2020
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,979,700.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018

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Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,979,600.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,973,800.00	9,993,573.90	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	9,984,300.00	10,061,092.90	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,008,700.00	10,056,986.87	1.875	Aaa	AA+	1.060	09/18/2018
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,995,200.00	10,001,267.68	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	20,950,132.50	21,130,873.21	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,375,639.75	18,651,866.13	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,825,345.00	7,908,687.85	1.000	Aaa	AA+	0.903	02/26/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,469,212.00	12,594,198.40	1.500	Aaa	AA+	1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,005,200.00	20,128,714.29	1.875	Aaa	AA	1.298	02/19/2019
3135G0T60	12140	Federal National Mtg Assn		08/07/2017	1,200,000.00	1,197,703.91	1,197,703.91	1.500	Aaa	AA+	1.576	07/30/2020
3135G0T29	12142	Federal National Mtg Assn		08/16/2017	1,200,000.00	1,187,544.00	1,200,378.28	1.500	Aaa	AA+	1.485	02/28/2020
Subtotal and Average			400,890,608.43		378,460,000.00	376,072,429.43	378,580,734.83				1.058	
US Treasury Note-GC 53601(b)												
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,264,184.80	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	16,965,490.00	16,995,486.95	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	9,951,200.00	10,000,708.87	1.250	Aaa	AA	1.242	11/30/2018
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	39,840,800.00	40,004,534.84	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	19,959,400.00	19,986,584.60	1.000	Aaa	AA+	1.166	05/31/2018
912828S68	12113	U.S. Treasury		12/19/2016	20,000,000.00	19,901,600.00	19,948,503.82	0.750	Aaa		1.200	07/31/2018
912828RE2	12115	U.S. Treasury		12/19/2016	20,000,000.00	19,975,000.00	20,037,202.62	1.500	Aaa		1.215	08/31/2018
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,235,824.00	12,313,153.61	1.250	Aaa		1.596	01/31/2020
912828T42	12117	U.S. Treasury		12/21/2016	25,000,000.00	24,822,250.00	24,914,737.65	0.750	Aaa		1.214	09/30/2018
912828UJ7	12118	U.S. Treasury		12/21/2016	25,000,000.00	24,993,000.00	24,997,979.53	0.875	Aaa	AA	0.974	01/31/2018
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	24,843,750.00	24,986,991.84	1.250	Aaa		1.299	01/31/2019
912828UR9	12120	U.S. Treasury		12/23/2016	50,000,000.00	49,953,000.00	49,981,382.02	0.750	Aaa		0.986	02/28/2018
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,854,600.00	19,991,786.58	1.125	Aaa		1.165	01/15/2019
912828UZ1	12135	U.S. Treasury		04/28/2017	50,080,000.00	49,950,793.60	50,002,613.52	0.625	Aaa		1.103	04/30/2018
912828XV7	12143	U.S. Treasury		08/16/2017	2,500,000.00	2,498,207.73	2,498,207.73	1.250			1.299	06/30/2019
912828N63	12145	U.S. Treasury		08/16/2017	2,500,000.00	2,481,825.00	2,496,205.76	1.125	Aaa		1.273	01/15/2019
912828K82	12146A	U.S. Treasury		08/16/2017	2,250,000.00	2,246,889.54	2,246,889.54	1.000	Aaa	AA+	1.225	08/15/2018
9128282K5	12147	U.S. Treasury		08/16/2017	1,200,000.00	1,201,436.97	1,201,436.97	1.375			1.298	07/31/2019
912828H86	12160	U.S. Treasury		08/18/2017	2,000,000.00	1,982,888.90	1,982,888.90	1.500	Aaa		1.719	01/31/2022
912828T67	12161	U.S. Treasury		08/18/2017	2,000,000.00	1,967,958.57	1,967,958.57	1.250	Aaa		1.685	10/31/2021

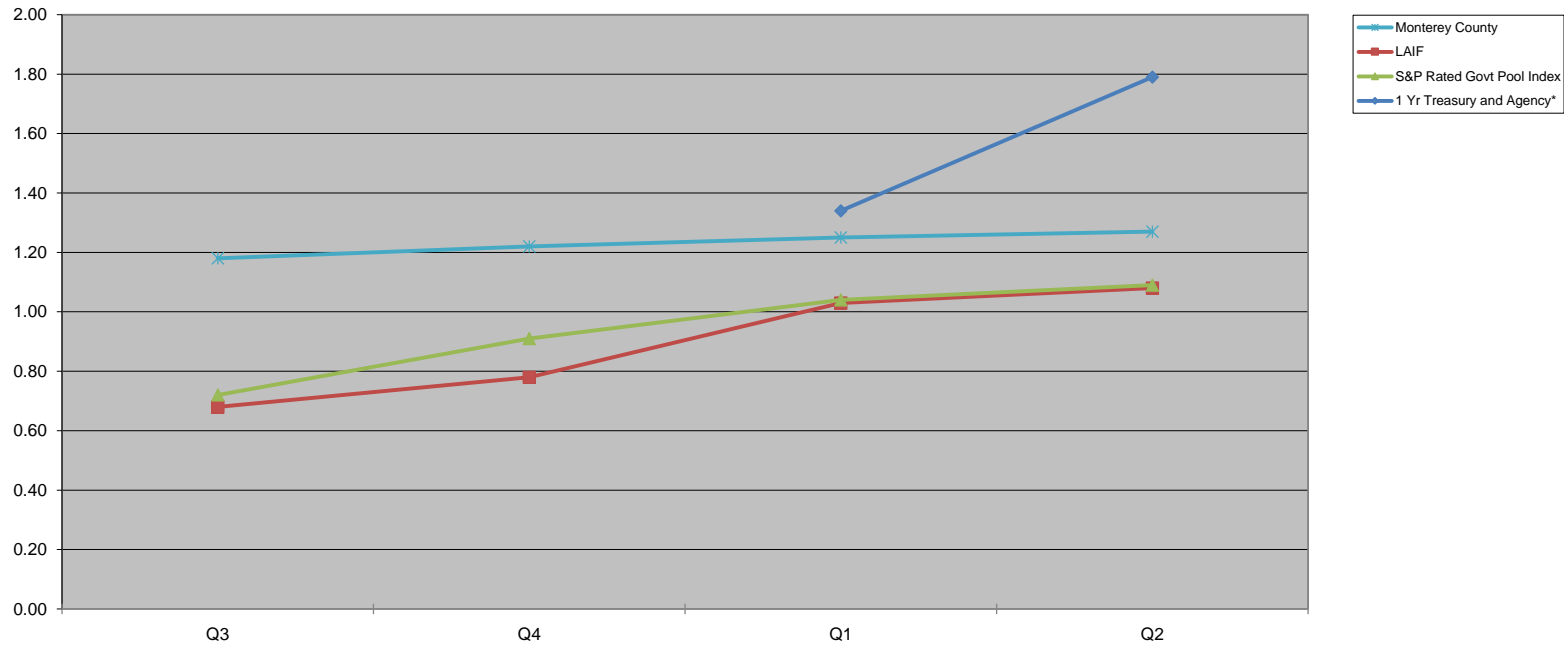
Portfolio INVT
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Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828Q78	12162	U.S. Treasury		08/18/2017	2,000,000.00	1,985,034.53	1,985,034.53	1.375			1.607	04/30/2021
912828L99	12163	U.S. Treasury		08/18/2017	2,000,000.00	1,992,198.05	1,992,198.05	1.375	Aaa		1.517	10/31/2020
912828U99	12173	U.S. Treasury		12/21/2017	20,000,000.00	19,889,000.00	19,894,591.67	1.250			1.786	12/31/2018
912828S43	12174	U.S. Treasury		12/21/2017	20,000,000.00	19,663,200.00	19,665,936.95	0.750	Aaa		1.857	07/15/2019
912828SX9	12175	U.S. Treasury		12/21/2017	20,000,000.00	19,800,000.00	19,808,771.98	1.125	Aaa		1.814	05/31/2019
Subtotal and Average			362,838,676.61		416,220,000.00	414,219,531.69	415,191,787.10				1.263	
Total and Average			1,389,810,523.21		1,558,052,557.25	1,551,822,253.16	1,556,463,937.33				1.304	

Exhibit C Monterey County Historical Yields vs. Benchmarks



Quarterly Yield	FY 16/17				FY 17/18			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	1.54	1.07	1.18	1.22	1.25	1.27		
1 - 3 Yr Treasury and Agency	0.79	1.18	1.28	1.41	n/a	n/a		
1 Yr Treasury and Agency*					1.34	1.79		
LAIF**	0.55	0.61	0.68	0.78	1.03	1.08		
S&P Rated Govt. Pool Index	0.45	0.54	0.72	0.91	1.04	1.09		

The S&P Index yields are obtained from Bloomberg

The 1-3 Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

The 1-Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

* benchmark changed to reflect current portfolio

**LAIF - results for the month preceding quarter end



Exhibit D Monterey County Aging Report By Maturity Date As of January 1, 2018

			Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(01/01/2018 - 01/01/2018)				
			11 Maturities	375,046,557.25	24.07%	375,046,557.25
Aging Interval:	1 - 90 days	(01/02/2018 - 04/01/2018)				
			10 Maturities	165,000,000.00	10.59%	164,981,063.28
Aging Interval:	91 - 365 days	(04/02/2018 - 01/01/2019)				
			28 Maturities	504,610,000.00	32.39%	503,391,321.09
Aging Interval:	366 - 730 days	(01/02/2019 - 01/01/2020)				
			41 Maturities	434,146,000.00	27.86%	433,884,354.15
Aging Interval:	731 - 1095 days	(01/02/2020 - 12/31/2020)				
			15 Maturities	71,050,000.00	4.56%	70,997,539.86
Aging Interval:	1096 - 1460 days	(01/01/2021 - 12/31/2021)				
			7 Maturities	5,200,000.00	0.34%	5,170,368.01
Aging Interval:	1461 days and after	(01/01/2022 -)				
			5 Maturities	3,000,000.00	0.19%	2,992,733.69
Total for 117 Investments			1,558,052,557.25	100.00	1,556,463,937.33	1,551,822,253.16

